

Message Text

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PAGE 01 VIENTI 06854 051122Z

12

ACTION EA-14

INFO OCT-01 EUR-25 IO-14 ISO-00 AID-20 CIAE-00 COME-00

EB-11 FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07

SS-20 STR-08 CEA-02 PA-04 PRS-01 USIA-15 SR-02 ORM-03

DRC-01 AGR-20 SWF-02 /218 W
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FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 671
INFO AMEMBASSY CANBERRA
AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY WELLINGTON
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
AMEMBASSY LONDON
AMEMBASSY BERN
AMEMBASSY SAIGON
AMEMBASSY PHNOM PENH
USMISSION USUN NEW YORK

C O N F I D E N T I A L VIENTIANE 6854

E.O. 11652: GDS

TAGS: EAID, XC

SUBJECT: INDOCHINA DONOR' MEETING

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PAGE 02 VIENTI 06854 051122Z

REF: STATE 192069

1. JEAN BANETH, SENIOR ECONOMIST, WORLD BANK, CALLED ON AMBASSADOR AND USAID DIR SEPT. 4 AND SEPT. 5 RESPECTIVELY.

2. BANETH INFORMED US HE HAD DISCUSSED OCTOBER 17 INDOCHINA DONORS MEETING WITH MINISTER NATIONAL ECONOMY AND PLAN, SOTH PHETRASY, AND FOREIGN MINISTER, PHOUMI VONGVICHIT. BOTH MINISTERS HAD DISPLAYED INTEREST IN SUBJECT MEETING AND TAKEN THE POSITION THAT ARRANGEMENTS BETWEEN DONOR COUNTRIES WERE THEIR AFFAIR.

3. IN BOTH MEETINGS, BANETH'S PRINCIPAL CONCERN APPEARED TO BE THE PATHET LAO'S PRESENT UNWILLINGNESS TO COME UP WITH PROJECTS IN THEIR ZONE AND WHETHER THE BANK WOULD FORECLOSE THE POSSIBILITY OF CARRYING OUT ACTIVITIES IN THE PATHET LAO ZONE IF PROJECTS IN THE VIENTIANE ZONE FIRST WOULD BE UNDERTAKEN. HE FURTHER ASKED FOR OUR VIEWS ON DEGREE TO WHICH THE LAO DONOR GROUP MIGHT BE DISASSOCIATED FROM DONOR GROUPS FOR OTHER INDOCHINA COUNTRIES. AMBASSADOR REVIEWED THE RECENT AND CURRENT DEVELOPMENTS INCLUDING SERIOUSNESS WITH WHICH PGNU VIEWED ITS ECONOMIC PROBLEM AND THE STRIKES AND SOCIAL PROBLEMS ARISING FROM IT. AMBASSADOR EXPRESSED VIEW THAT WE DOUBT IF CONSIDERATION BY BANK OF PROJECTS IN VIENTIANE ZONE WOULD PREJUDICE THE POSSIBILITY OF FUTURE ACTIVITIES AT A LATER DATE IN THE PATHET LAO ZONE. AMBASSADOR FURTHER EXPRESSED THIS MISSION'S VIEW THAT CONDITIONS IN LAOS ARE SO DIFFERENT FROM THOSE IN CAMBODIA AND VIETNAM THAT LINKING LAOS WITH REST OF INDOCHINA WAS NOT NECESSARILY DESIRABLE AND THAT DEPENDING ON ATTITUDES OF PARTICIPANTS FORTHCOMING INDOCHINA DONOR COUNTRIES MEETING, IT MIGHT WELL BE DESIRABLE TO FORM LAO GROUP INSTEAD OF LAO SUB-GROUP. WE STRESSED IMPORTANCE OF HAVING INDOCHINA DONORS MEETING CONVENE AS SCHEDULED OCTOBER 17 TO CREATE FORUM TO HAVE LAO GROUP OR LAO SUB-GROUP FORMED TO WHICH SUBSEQUENTLY LAOS BE INVITED TO PARTICIPATE TO FORMULATE PLAN OF IMMEDIATE ECONOMIC NECESSITIES AND MORE LONG-RANGE REQUIREMENTS TO PERMIT CO-ORDINATED BI-LATERAL AND MULTI-LATERAL INTERNATIONAL CONFIDENTIAL

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PAGE 03 VIENTI 06854 051122Z

ASSISTANCE. WE UNDERSTAND THAT IN BANETH'S MEETING WITH MINISTER OF FINANCE, NGON SANANIKONE, AND COMMISSIONER-GENERAL OF PLAN, DR. PANE RASSAVONG, BANETH INTIMATED THAT IT WOULD NOT BE TOO DIFFICULT TO OBTAIN FROM BANK INITIAL TRANCHE OF \$10 MILLION WITHIN NEAR FUTURE. BANETH SEEMED CONSIDERABLY MORE FORTHCOMING THAN DURING HIS LAST VISIT AND APPEARS TO BE MORE PREPARED TO ACCEPT THE DELAYS AND UNCERTAINTIES

INHERENT IN THE ESTABLISHMENT OF AN IBRD RELATIONSHIP
WITH THE PATHET LAO ZONE.

4. AMBASSADOR WILL DISCUSS IMPORTANCE INDOCHINA DONORS
MEETING AT EARLIEST OPPORTUNITY WITH FOREIGN MINISTER
PHOUMI VONGVICHIT AS WILL USAID DIR WITH MINISTER OF
FINANCE, NGON SANANIKONE, AND MINISTER OF PLAN AND
NATIONAL ECONOMY, SOTH PHETRASY.
WHITEHOUSE

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